

BEFORE THE TENNESSEE REGULATORY AUTHORITY AT

NASHVILLE, TENNESSEE

JANUARY 14, 2002

IN RE:

PETITION FOR APPROVAL OF THE INDIRECT
TRANSFER OF CONTROL OF DSLNET
COMMUNICATIONS, LLC

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DOCKET NO.
01-00973

ORDER APPROVING TRANSFER OF AUTHORITY

This matter came before the Tennessee Regulatory Authority (the "Authority" or "TRA") at the regularly scheduled Authority Conference held on November 20, 2001 for consideration of the *Petition* (the "*Petition*") of DSLnet Communications, LLC ("DSLnet"), pursuant to the provisions of Tenn. Code Ann. § 65-4-113, for approval of a transfer of the authority to provide utility services currently held by DSLnet.

Requirement of and Standards for Authority Approval

Tenn. Code Ann. § 65-4-113 requires a public utility to obtain Authority approval to transfer its authority to provide utility services. Tenn. Code Ann. § 65-4-113(a) provides as follows:

(a) No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113(b) provides the standards by which the Authority shall consider an application for transfer of authority, in pertinent part, as follows:

(b) Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. . . .¹

The Petition

According to the *Petition*, which was filed on November 1, 2001, DSLnet is a Delaware limited liability company with its principal offices located in New Haven, Connecticut, which was granted authority to provide competitive telecommunications services in Tennessee by Order dated May 18, 1999 in Docket No. 98-00569. In its *Petition*, DSLnet requests that the Authority approve the transfer of authority that will result from an equity financing transaction in which VantagePoint Venture Partners (“VPVP”) will increase its ownership interest in DSLnet from thirty-three and nine-tenths percent (33.9%) to seventy-one and one-tenth percent (71.1%), through the acquisition of additional shares of DSLnet’s parent company, DSLnet, Inc. According to the *Petition*, VPVP is a family of affiliated private investment funds with more than \$2.5 billion under management.

The *Petition* states that this transaction will not involve a change in the name under which DSLnet currently offers service in Tennessee, nor will it change any of the services DSLnet offers in Tennessee. According to the *Petition*, there will be no change in the rates or terms and conditions of service. The *Petition* further states that DSLnet will continue to be led by the same team of experienced telecommunications officers and personnel, and the transfer of ownership will be seamless and completely transparent to Tennessee consumers.

¹ DSLnet filed its *Petition* pursuant to Tenn. Code Ann. § 65-4-112. However, because this change in ownership involves a transfer of control of the authority to provide utility services held by DSLnet, approval by the Authority is required pursuant to Tenn. Code Ann. § 65-4-113. Therefore, the Authority deemed the *Petition* as an Application for such approval.

Public Interest Considerations

According to the *Petition*, the transfer of ownership that will result from the equity financing transaction will provide DSLnet with the opportunity to strengthen its competitive position through access to the increased financial resources of its parent, DSL.net, Inc. The *Petition* further states that the capital raised from the financing transaction will significantly enhance DSLnet's operational flexibility and efficiency, as well as its long-term financial viability. The proposed transfer of ownership, according to the *Petition*, will ensure the provision of innovative, high-quality telecommunications services to the public and should promote competition in the Tennessee telecommunications services market.

Findings

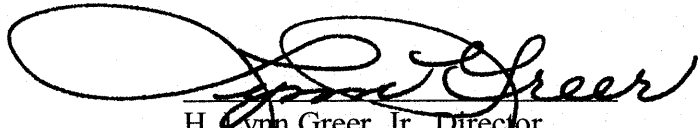
The Directors of the Authority considered this matter at the November 20, 2001 Authority Conference. Based upon careful consideration of the *Petition* and of the entire record of this matter, the Authority finds and concludes as follows:

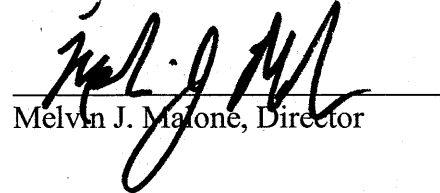
1. The Authority has jurisdiction over the subject matter of this *Petition* pursuant to Tenn. Code Ann. § 65-4-113;
2. DSLnet Communications, LLC has been granted authority to provide telecommunications services in Tennessee;
3. Majority ownership of DSLnet Communications, LLC will be assumed by VantagePoint Venture Partners, resulting in a transfer of the authority granted DSLnet to provide utility services; and
4. The transfer of authority will benefit the consuming public.

IT IS THEREFORE ORDERED THAT:

The *Petition* of DSLnet Communications, LLC for approval of the transfer of authority described herein is approved.


Sara Kyle, Chairman


H. Lynn Greer, Jr., Director


Melvin J. Malone, Director

ATTEST:


K. David Waddell, Executive Secretary